

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2013-451-WS**

**In Re:** )  
 )  
**Application of CUC, Incorporated** )  
**for Adjustment of Rates and Charges** )  
 )  
 )  
 )  
 )  
\_\_\_\_\_ )

**Surrebuttal Testimony**  
  
**of Patrick W. Parkinson**  
**on behalf of**  
**Callawassie Island Property Owners' Association**

1   **Q.     PLEASE STATE YOUR NAME AND ADDRESS.**

2   A.     My name is Patrick W. Parkinson and my home address is 22 Sugar Mill Drive,  
3           Callawassie Island, S.C. 29909.

4   **Q.     DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS PROCEEDING**  
5           **ON SEPTEMBER 26, 2014?**

6   A.     Yes, I did.

7   **Q.     WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8   A.     The purpose of my Surrebuttal Testimony in this case is to respond to the Rebuttal  
9           Testimony of CUC, Inc. witness Billy F. Burnett.

10  **Q.     DO YOU HAVE ANY COMMENTS REGARDING MR. BURNETT'S**  
11           **REBUTTAL TESTIMONY REGARDING REVENUES?**

12  A.     Yes. In my testimony it was stated that the records show that for the three years prior to  
13           the test year that CUC averaged 105,943,000 gallons per year purchased from the  
14           Beaufort Jasper Water and Sewage Authority. The test year was considerably wetter than  
15           normal, reducing the demand for irrigation with only 79,844,000 gallons purchased  
16           during the test year. Mr. Burnett claims there are numerous reasons for less irrigation  
17           usage but he cannot dispute the facts. A similar situation occurred in 2009 with only  
18           87,326,500 gallons being purchased followed by in 2010 when 107,004,300 gallons were  
19           purchased. It is clear that the 79,844,000 gallons used in the test year should be adjusted  
20           to 105,943,000 gallons which was the previous three year average. As shown in my  
21           testimony the test year water irrigation revenue should be adjusted from \$210,784.00 to  
22           \$303,696.00 or net increase in revenue of \$93,060.00. This is a significant adjustment

1 because based on the ORS analysis it would increase the operating margin from 20.94%  
2 to 23.84%.

3 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. BURNETT'S**  
4 **REBUTTAL TESTIMONY REGARDING SALARIES AND BENEFITS?**

5 A. Yes. Mr. Burnett does not know how to run a "tight ship" regarding salaries and benefits.  
6 He feels that whatever he spends is fine because once he proves he spent it that he will  
7 receive a rate increase so keeps earning a 10-15% operating margin. The facts are as  
8 follows:

9 1. A 47% increase in operating expenses over 9 years is unconscionable  
10 particularly since most of it went to him and his family who live over 200 miles  
11 away from the facilities.

12 2. While he complains health insurance premiums have risen, he has taken  
13 no steps to have his employees share in that cost like the rest of the U.S. workers  
14 have.

15 3. He offers no factual basis for not merging the President and the Secretary-  
16 Treasurer position which I proposed in my testimony which would save over  
17 \$126,000/year.

18 4. He offers no real business reason for the hiring of an Office Assistant, who  
19 happens to be a family member. Since the business has not changed since the last  
20 rate increase 9 years ago, this position should be eliminated saving \$23,000/year.

21 5. He offers no explanation why the Maintenance Assistant is necessary  
22 particularly since the other employees will have significant time available if

1 meters are only read bi-monthly. Eliminating this newly created position will  
2 save \$23,000/year.

3 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. BURNETT'S**  
4 **REBUTTAL TESTIMONY REGARDING HEALTH INSURANCE**  
5 **CONTRIBUTIONS BY EMPLOYEES?**

6 A. Yes, Mr. Burnett is unfairly expecting our residents to pay in its rates for 100% cost  
7 coverage for health insurance benefits for all CUC employees. This is just not done any  
8 more in the United States or South Carolina. It is time that CUC employees pay 25% of  
9 their health insurance benefits. This would save \$25,000/year.

10 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. BURNETT'S**  
11 **REBUTTAL TESTIMONY ON CUC SWITCHING TO BI-MONTHLY BILLING?**

12 A. Yes. Mr. Burnett mentioned that the Sewage Authority of which I was previously  
13 Executive Director billed quarterly. That is correct. The current bill for sewage of my  
14 former authority is \$75.00/qtr. compared to the proposed CUC bill of \$171/qtr (for  
15 sewage only). The bills are not even close. Currently our residents' average monthly  
16 bills for water, irrigation water and sewage is \$108/mo. Under Mr. Burnett's proposal it  
17 would jump to \$181/mo. (+68% increase) or \$362/2mos. Our residents who are mostly  
18 on fixed incomes need to keep receiving the bills monthly.

19 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. BURNETT'S**  
20 **REBUTTAL TESTIMONY ON AREA SEWER/WATER RATES?**

21 A. Yes. The data in my direct testimony is accurate and includes irrigation usage. In fact I  
22 have attached a chart (Exhibit A) on other South Carolina private water/sewer utility  
23 companies to demonstrate how out of line this proposed 68% rate increase is.

1    **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

2    A.    Yes. I would like to thank the South Carolina Public Service Commission for its  
3        thorough review of the information which I have presented.

# Monthly Water and Sewer Cost for Average CUC Customer

